

## SELECTED GLOSSARY OF TERMS

**ACCRUED EXPENSES:** Expenses incurred but not due until a later date

**ADJUSTMENTS FOR POLICY DIRECTION CHANGES:** Proposed adjustment to the maintenance-of-effort budget both positive and negative which are considered major policy issues

**AMORTIZATION** : The gradual elimination of a liability in regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest

**ANNUALIZED COSTS:** Costs to provide full year funding for services initiated and partially funded in the prior year

**APPROPRIATION:** Legal authorization granted by City Council to make expenditures and to incur obligations for specific purposes within specified time and amount limits

**APPROPRIATIONS RESOLUTION:** Legal means to enact an appropriation request, e.g., annual operating budget

**AUDIT:** Official examination of financial transactions and records to determine results of operations and establish the City's financial condition

**BALANCED BUDGET** : Expenditures shall not exceed available resources. As a matter of city policy and state statute, proposed and adopted budgets must be balanced. As a matter of City ordinance, no amendment to a budget shall result in authorized expenditures exceeding anticipated available resources for the fiscal year to which the budget is applicable.

**BASE BUDGET:** Portion of an annual budget providing for financing of existing personnel, replacement of existing equipment, and other continuing expenses without regard for price changes

**BONDED INDEBTEDNESS/BONDED DEBT:** That portion of indebtedness represented by outstanding general obligation or revenue bonds

**BONDS:** A certificate which is evidence of a debt on which the City as the issuer promises to pay the holder a specified amount of interest for a specified length of time, and to repay the loan on its maturity. Revenue is pledged as security for the loan in the case of revenue bonds and the full faith and credit of the government is pledged in the case of general obligation bonds. The city issues both taxable and tax exempt bonds

depending upon project needs.

**CAPITAL BUDGET:** Plan of proposed capital outlays and the means of financing them

**DEBT SERVICE FUND:** Fund for the accumulation of resources to pay principal, interest, and fiscal agent fees on long-term debt

**DEPRECIATION** – A method of allocating the cost of a capital asset to each of the reporting periods during which it is used in operations. The amount is theoretical and is used to determine the total cost of providing services. There are various methods that can be used to depreciate a capital asset. In government, the straight line method is the most common.

**DESIRED COMMUNITY CONDITION:** A condition that describes in detail what future achievement of a particular Five-Year-Goal would look like

**DETOX:** Short name for the Detoxification and Treatment Facility in the Metropolitan Detention Center

**ENCUMBRANCES:** Commitments of appropriated monies for goods and services to be delivered in the future

**ENTERPRISE FUND:** Fund established to account for services financed and operated similar to private businesses and with costs recovered entirely through user charges

**FINANCIAL PLAN:** See Operating Budget.

**FISCAL YEAR:** In Albuquerque, a period from July 1 to June 30 where the financial plan (budget) begins the period and an audit ends the period

**FUND:** Fiscal and accounting entity with self-balancing set of books to accommodate all assets and liabilities while conforming to designated parameters

**FUND BALANCE:** Is the difference between assets and liabilities. Total assets include cash, accounts receivable and inventory, less total liabilities which include accounts payable and deferred revenue equals Fund Balance. Fund balance includes beginning fund balance, revenues, expenses, fund additions and fund deductions. Fund balances less required reserves are generally available for appropriation. Fund balance available for appropriation is treated as a nonrecurring resource.

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**GENERAL FUND:** Fund which accounts for resources traditionally associated with governments which are not required to be accounted for in another fund

**GENERAL OBLIGATION BONDS:** Bonds with payment pledged on full faith and credit of issuing government

**GOALS:** General ends toward which the City directs its efforts in terms of meeting desired community conditions. The Mayor and City Council with input from the community, establish Five-Year Goals for the City

**GOVERNMENTAL FUNDS** – One of three classifications of funds used by state and local governments. Governmental funds are generally supported from taxes and other non-exchange transactions. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

**INDIRECT OVERHEAD:** Cost of central services allocated back to a department through a cost allocation plan

**INTERFUND TRANSFER:** Legally authorized transfers from one fund to another fund

**INTERGOVERNMENTAL REVENUES:** Revenues from other governments in the form of grants, entitlements, shared revenues, etc.

**MAINTENANCE OF EFFORT:** Base budget plus allowances for cost-of-living wage adjustments and inflationary price increases, or within a limited time frame

**NON-RECURRING EXPENDITURES:** Expenditure occurring only once, or within a limited time frame

**NON-RECURRING REVENUES:** Revenues generated only once

**OPERATING:** Term that applies to all outlays other than capital outlays

**OPERATING BUDGET:** Financial plan for future operations based on estimated revenues and expenditures for a specific period

**OPERATING REVENUES:** Proprietary (enterprise service) fund revenues directly related to the fund's primary service activities and derived from user charges for services

**PAYMENT IN LIEU OF TAXES (PILOT):** Equivalent of private sector's property and other taxes paid to General Fund by enterprise funds

**PROGRAM STRATEGY:** The unit of appropriations and expenditure that ties related service activities together to address a desired community condition(s) that pertains to one of the City's Five-Year Goals

**RECURRING EXPENDITURES:** Expenditures generally arising from the continued operations of city government in a manner and at a level of service that prevailed in the last budget, or new and/or increased services expected to be provided throughout the foreseeable future

**RECURRING REVENUES:** Revenues generated each and every year

**RESERVE:** Portion of fund balance earmarked to indicate its unavailability or to indicate portion of fund equity as legally segregated for a specific future use

**RETAINED EARNINGS:** Revenue and reversions in excess of expense and fall to fund balance or working capital balance at the end of a fiscal year.

**REVENUES:** Amounts received from taxes and other sources during the fiscal year

**ROSS:** The City's payroll and human resource software program

**SERVICE ACTIVITY:** A set of related functions that are managed below the Program Strategy level, and is the smallest unit of budgetary accountability and control

**UNALLOCATED / UNRESERVED / UNRESTRICTED FUND BALANCE:** Fund equity of governmental funds and trust funds not set aside for any specific purpose

**WORKING CAPITAL:** The excess of current assets over current liabilities of any at any time.

**WORKING CAPITAL BALANCE:** Remaining current assets in a fund if all current liabilities are paid with current assets.